

House Study Bill 608

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
WORKFORCE DEVELOPMENT
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to priority of labor or wage claims over other
2 debts when an employer's property is placed in receivership or
3 otherwise seized by creditors.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5400DP 81
6 kh/gg/14

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1 1 Section 1. Section 626.69, Code 2005, is amended to read
1 2 as follows:

1 3 626.69 LABOR OR WAGE CLAIMS PREFERRED.

1 4 When the property of any company, corporation, firm, or
1 5 person shall be seized upon by any process of any court, or
1 6 placed in the hands of a receiver, trustee, or assignee, or
1 7 ~~their property shall be~~ seized by the action of creditors, for
1 8 the purpose of paying or securing the payment of the debts of
1 9 such company, corporation, firm, or person, the debts, or
1 10 wages as defined under section 91A.2, subsection 7, owing to
1 11 all laborers or employees other than officers of such
1 12 companies, for labor or work performed or services rendered
1 13 within the ninety days next six months preceding the seizure
1 14 or transfer of such property, to an amount not exceeding one
1 15 hundred dollars to each person, shall be considered and
1 16 treated as a preferred debt and paid in full, or if there is
1 17 not sufficient are insufficient funds realized from such
1 18 property to pay the same in full, then, after the payment of
1 19 costs, ratably out of the fund funds remaining.

1 20 Sec. 2. Section 626.73, Code 2005, is amended to read as
1 21 follows:

1 22 626.73 PRIORITY.

1 23 Claims of employees for labor or wages, if not contested,
1 24 or if allowed after contest, shall have priority over all
1 25 claims against or liens upon such property, except prior
1 26 mechanics' liens for labor in opening or developing coal mines
1 27 as allowed by law.

1 28 Sec. 3. Section 680.7, subsection 3, Code 2005, is amended
1 29 to read as follows:

1 30 3. Debts owing to employees for labor or work performed or
1 31 services rendered as defined by provided in section 626.69.

1 32 Sec. 4. Section 680.8, Code 2005, is amended to read as
1 33 follows:

1 34 680.8 NONAPPLICABILITY.

1 35 The provisions of section 680.7 shall not apply to the
2 1 receivership of state banks, as defined in section 524.105,
2 2 trust companies, or private banks, and in the receivership of
2 3 such state banks and trust companies, or private banks, no
2 4 such preference or priority shall be allowed as is provided in
2 5 ~~said the~~ section except for labor or wage claims as provided
2 6 by statute.

EXPLANATION

2 8 This bill extends the preference given to labor claims when
2 9 property is seized or placed under receivership to wage claims
2 10 for work or services provided.

2 11 Currently, the Code places a priority on labor claims for
2 12 labor performed within 90 days preceding the seizure or
2 13 transfer of the property to an amount not exceeding \$100. In
2 14 addition to extending the preference to wage claims, the bill
2 15 extends the time period for labor or work performed or
2 16 services rendered to within six months preceding the seizure
2 17 or transfer of the property, and eliminates the \$100 maximum

2 18 per person. The bill makes conforming changes to chapter 680
2 19 regarding receivers.
2 20 LSB 5400DP 81
2 21 kh:rj/gg/14